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DEPARTMENT OF TREASURY
TREASURY BUILDING
LANSING, MICHIGAN 48922

REVENUE ADMINISTRATIVE BULLETIN 1988-2

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DEFICIENCY INTEREST RATE

For period July 1, 1988 through December 31, 1988

RAB 88-2. This Bulletin establishes the annual rate of interest due on a deficiency for the period beginning on July 1, 1988 and ending on December 31, 1988.

A daily rate of interest of .0002650 based on an adjusted annual rate of 9.7% shall be added to a tax deficiency or an excessive claim for the period stated above.

The effective annual rate of 9.7% was established pursuant to Section 23(2) of Act No. 58, P.A. of 1986, at one percentage point above the adjusted prime rate charged by three commercial banks to large businesses.

The following annual and corresponding daily rates of interest are in effect and will accrue on any deficiency due during these periods:

<u>Period</u>	<u>Rate</u>
October 1, 1967 - June 30, 1986	9.0% (.0002466)
July 1, 1986 - December 31, 1986	10.4% (.0002849)
January 1, 1987 - June 30, 1987	9.2% (.0002521)
July 1, 1987 - December 31, 1987	8.5% (.0002329)
January 1, 1988 - June 30, 1988	9.2% (.0002514)
July 1, 1988 - December 31, 1988	9.7% (.0002650)

Example: Taxpayer A, who is on a calendar year basis, filed an MI-1040 return for 1985 showing tax due of \$2,000.00. If the tax is not paid until November 30, 1988, the amount of interest calculated due from April 16, 1986 through November 30, 1988 is as follows:

<u>Period</u>	<u>Calculation</u>	<u>Interest</u>
April 16, 1986 - June 30, 1986	75 days x .0002466 x \$2,000 =	\$ 36.99
July 1, 1986 - December 31, 1986	184 days x .0002849 x \$2,000 =	104.80
January 1, 1987 - June 30, 1987	181 days x .0002521 x \$2,000 =	91.26
July 1, 1987 - December 31, 1987	184 days x .0002329 x \$2,000 =	85.71
January 1, 1988 - June 30, 1988	182 days x .0002514 x \$2,000 =	91.51
July 1, 1988 - November 30, 1988	153 days x .0002650 x \$2,000 =	<u>81.09</u>

Total Interest Due \$491.36